

Fiscal Note

Fiscal Services Division



HF 660 – Air Quality Fee Assessments (LSB 2175HZ)
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Fiscal Note Version – New
Requested by Representative Lee Hein

Description

House File 660 caps the fee at \$56 per ton of regulated air pollutant emitted from a major stationary source and limits the use of the fee to specific purposes as outlined in the Bill.

Background

The Title V Air Operating Permit Program is the federal program established under the Clean Air Act and is administered by the federal Environmental Protection Agency (EPA). Title V air quality permits are issued to large or major sources of air pollution and Title V fees are collected. In Iowa, the EPA has approved the Department of Natural Resources (DNR) to issue Title V permits. For FY 2011, the Title V fee is \$56 per ton for the first 4,000 tons of each regulated air pollutant emitted each calendar year from each major stationary source. The fees are deposited in the Air Contaminant Source Fund and the funds are transferred to the DNR Air Quality Bureau to pay for the cost of issuing construction permits, prevention of significant deterioration (PSD) permits, and operating permits.

A listing of programs and FTE positions provided by the DNR related to Title V fees are summarized in **Attachment A**. This document identifies allowable and nonallowable uses for the fee as identified in the Bill. Currently, the DNR uses the fee revenue to support functions that cannot be supported by the fee if HF 660 is enacted. The Bill requires the restricted use of this fee to be effective January 1, 2012.

Assumptions

- For six months in FY 2012, enactment of **HF 660** will prohibit fee revenue from being used for \$2.7 million of expenditures and 12.5 FTE positions.
- For FY 2013, enactment of HF 660 will prohibit fee revenue from being used for \$5.8 million of expenditures and 25.0 FTE positions.

Fiscal Impact

The fiscal impact of HF 660 is an estimated decrease in revenue to the DNR of \$2.7 million in FY 2012 and \$5.8 million in FY 2013. The DNR could absorb this decrease in revenue by finding another revenue source to support air quality functions and programs or by eliminating staff and programs.

Source

Department of Natural Resources

/s/ Holly M. Lyons

April 4, 2011

The fiscal note for this bill was prepared pursuant to [Joint Rule 17](#) and the correctional and minority impact statements were prepared pursuant to Code [Section 2.56](#). Data used in developing this fiscal note is available from the Fiscal Services Division of the Legislative Services Agency upon request.

ATTACHMENT A
House File 660 -- Air Quality Program Expenditures

House File 660 Sub- Paragraph	Program Expenditure	FY 2012-- For Six Months January through June						FY 2013					
		Allowable		Not Allowed		Total		Allowable		Not Allowed		Total	
		Expense	FTE	Expense	FTE	Expense	FTE	Expense	FTE	Expense	FTE	Expense	FTE
(a)	Program Development -- Planning	\$ 55,000	0.63	\$ 150,500	1.38	205,500	2.01	\$ 116,000	1.25	\$ 316,000	2.75	\$ 432,000	4.00
(b)	Title V Permit	499,000	6.13	0	0.00	499,000	6.13	1,048,000	12.25	0	0.00	1,048,000	12.25
(c)	Stack Test Observation	151,000	1.88	0	0.00	151,000	1.88	317,000	3.75	0	0.00	317,000	3.75
(c)	Bureau Management Indirect Costs	52,500	0.63	52,000	0.75	104,500	1.38	110,000	1.25	109,000	1.50	219,000	2.75
(d)	Compliance - Central Office	204,500	2.38	26,000	0.50	230,500	2.88	429,000	4.75	55,000	1.00	484,000	5.75
(d)	Compliance - Field Office	296,000	3.25	0	0.00	296,000	3.25	622,000	6.50	0	0.00	622,000	6.50
(d)	Legal Services	72,500	0.00	0	0.00	72,500	0.00	152,000	0.00	0	0.00	152,000	0.00
(d)	Attorney General Assistance	0	0.00	15,000	0.00	15,000	0.00	0	0.00	30,000	0.00	30,000	0.00
(e)	Monitoring	0	0.00	158,000	1.63	158,000	1.63	0	0.00	332,000	3.25	332,000	3.25
(e)	Laboratory Analysis	0	0.00	110,500	0.00	110,500	0.00	0	0.00	221,000	0.00	221,000	0.00
(e)	Monitoring Utilities	0	0.00	21,000	0.00	21,000	0.00	0	0.00	44,000	0.00	44,000	0.00
(e)	Monitoring Equipment	0	0.00	125,000	0.00	125,000	0.00	0	0.00	263,000	0.00	263,000	0.00
(e)	State Hygienic Laboratory Agreement	0	0.00	672,500	0.00	672,500	0.00	0	0.00	1,412,000	0.00	1,412,000	0.00
(f)	Dispersion Modeling	0	0.00	129,500	1.50	129,500	1.50	0	0.00	272,000	3.00	272,000	3.00
(g)	Emissions Inventory-Support & IT	335,500	4.25	21,500	0.50	357,000	4.75	705,000	8.50	45,000	1.00	750,000	9.50
(h)	Small Business Assistance	175,500	0.00	0	0.00	175,500	0.00	369,000	0.00	0	0.00	369,000	0.00
	Other Programs												
	Regional Modeling	0	0.00	81,500	1.00	81,500	1.00	0	0.00	171,000	2.00	171,000	2.00
	Construction Permits	0	0.00	500,000	5.00	500,000	5.00	0	0.00	1,050,000	10.00	1,050,000	10.00
	Greenhouse Gas Activities	0	0.00	25,000	0.25	25,000	0.25	0	0.00	53,000	0.50	53,000	0.50
	Early-Out Retirement Costs	3,500	0.00	104,000	0.00	107,500	0.00	7,000	0.00	0	0.00	7,000	0.00
	DNR Indirect Rate	296,500	0.00	0	0.00	296,500	0.00	623,000	0.00	305,000	0.00	928,000	0.00
	Overhead Costs per FTE	154,500	0.00	0	0.00	154,500	0.00	324,000	0.00	268,000	0.00	592,000	0.00
	Polk County Implementation Operating Permits	146,500	0.00	60,000	0.00	206,500	0.00	308,000	0.00	394,000	0.00	702,000	0.00
	Linn County Implementation Operating Permits	116,500	0.00	445,000	0.00	561,500	0.00	245,000	0.00	467,000	0.00	712,000	0.00
	Total	\$2,559,000	19.15	\$2,697,000	12.51	\$5,256,000	31.66	\$5,375,000	38.25	\$5,807,000	25.00	\$11,182,000	63.25